

EXHIBIT H

Page 1

1
2 -----X
3 LIFESCAN INC., LIFESCAN SCOTLAND, LTD.,
4 Plaintiffs,
5 - against -
6 SHASTA TECHNOLOGIES, LLC, DECISION
7 DIAGNOSTICS CORP., PHARMATECH SOLUTIONS,
8 INC., and CONDUCTIVE TECHNOLOGIES, INC.
9 Defendants.
10 -----X
11 Patterson Belknap Webb & Tyler
12 1133 Avenue of the Americas
13 New York, New York
14 December 11, 2012
15 2:55 p.m.
16
17 DECISION DIAGNOSTICS SHAREHOLDER
18 CONFERENCE CALL taken before Melissa Gilmore,
19 a Notary Public of the State of New York.
20
21
22
23 ELLEN GRAUER COURT REPORTING CO. LLC
24 126 East 56th Street, Fifth Floor
25 New York, New York 10022
212-750-6434
REF: 102228

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1 PROCEEDINGS
2 **MR. BERMAN:** We got a bunch of
3 people on the line. I would estimate
4 about 40. Okay?
5 Bill Lyons, are you on the call yet?
6 People are still coming in. So
7 let's wait one more minute.
8 Is everybody aware that this call is
9 being recorded?
10 **MR. JAGUNICH:** Yes, sir.
11 **MR. BERMAN:** We are going to try to
12 edit the recording to eliminate the --
13 this introduction these last three or four
14 minutes where people were beeping in and
15 so on before we post it on our web site.
16 **MR. JAGUNICH:** Yeah.
17 **MR. BERMAN:** Bob?
18 **MR. JAGUNICH:** Yeah.
19 **MR. BERMAN:** Let's get started.
20 **UNIDENTIFIED FEMALE VOICE:** Are you
21 going to call him?
22 **MR. BERMAN:** Bob?
23 **MR. JAGUNICH:** Yes.
24 **MR. BERMAN:** Bob Jagunich, introduce
25 yourself, please.

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1 PROCEEDINGS
2 **MR. JAGUNICH:** I'm Bob Jagunich,
3 director of Precision Diagnostics, board
4 of directors member, more precisely.
5 **MR. BERMAN:** I'm Keith Berman, also
6 a director of Precision Diagnostics.
7 Okay.
8 Bob, it's kind of traditional when
9 we have these things, that you make a
10 couple of statements to start it, and then
11 I will make a couple of statements, and
12 then we will open --
13 **UNIDENTIFIED MALE 1:** Can you talk
14 louder, please?
15 **MR. BERMAN:** We're doing the best we
16 can. So Bob --
17 **UNIDENTIFIED MALE 1:** Good enough.
18 **MR. BERMAN:** I'm sorry. So Bob if
19 you could make -- Bob, if you can make a
20 few statements before we get started.
21 **MR. JAGUNICH:** I will try. We
22 are -- we just received our 510(k)
23 clearance to market the GenStrips. We are
24 in the process --
25 **MR. BERMAN:** Hold on. There is a

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1 PROCEEDINGS
2 lot of noise. There is somebody on the
3 line that's got a speaker phone. They
4 need to turn that speaker phone off.
5 That's better.
6 **MR. JAGUNICH:** Okay? So as I said,
7 this is an auspicious time for the
8 company. We just received a 510(k) for
9 the GenStrip to market it. We are in the
10 process of putting our distribution
11 together and realigning our organization
12 to take advantage of this opportunity. We
13 now have the ability to market it in the
14 United States. We continue on a number of
15 fronts to build the company.
16 That's pretty much what I have to
17 say at this particular point.
18 **MR. WECHNER:** Dick Wechner
19 (phonetic).
20 **MR. BERMAN:** Hey, Dick. How are
21 you? It's Keith.
22 **MR. WECHNER:** Good, Keith. How are
23 you doing?
24 **MR. BERMAN:** Good, thanks. And I'm
25 Keith Berman, and I will reiterate what

<p style="text-align: right;">Page 5</p> <p>1 PROCEEDINGS</p> <p>2 Bob said.</p> <p>3 I haven't had an opportunity to</p> <p>4 sleep since all of the days -- 20 hour</p> <p>5 days we put in to getting the FDA approval</p> <p>6 completed, but I would assume that most of</p> <p>7 the people that are on this call are on</p> <p>8 this call because they wish to know more</p> <p>9 about that approval and what we plan to</p> <p>10 do.</p> <p>11 And what I would like to do is open</p> <p>12 up the floor for questioning -- could we</p> <p>13 please keep the background chatter down?</p> <p>14 Okay? Because the conference room picks</p> <p>15 up everything that you're saying.</p> <p>16 So in any event, we are going to</p> <p>17 open this up for questioning, and we will</p> <p>18 go as long as people on this call wish us</p> <p>19 to go.</p> <p>20 So who has the first question?</p> <p>21 UNIDENTIFIED MALE 2: Keith, I</p> <p>22 wanted to ask you a question about that --</p> <p>23 about LifeScan. In other words, the</p> <p>24 strips are all right, and now they are</p> <p>25 saying about the device, about putting a</p>	<p style="text-align: right;">Page 7</p> <p>1 PROCEEDINGS</p> <p>2 devices out there, and we have been FDA</p> <p>3 cleared to use our strip with those</p> <p>4 devices. So we are taking advantage of</p> <p>5 our customer base that J&J has control,</p> <p>6 but they can't keep, but we are allowed to</p> <p>7 use our strip in the device according to</p> <p>8 the FDA, based upon clinical results that</p> <p>9 we supplied to the FDA by testing our</p> <p>10 strip in their devices.</p> <p>11 UNIDENTIFIED MALE 2: Okay. That's</p> <p>12 what I wanted to know. I appreciate it.</p> <p>13 Thank you.</p> <p>14 MR. JAGUNICH: You're welcome.</p> <p>15 UNIDENTIFIED MALE 1: How are you</p> <p>16 going to get to these people? Through the</p> <p>17 drugstore or direct mailing?</p> <p>18 MR. BERMAN: I'll take that. We</p> <p>19 have three models. There is a retail</p> <p>20 model, which is for chain drug stores,</p> <p>21 large mega stores, department stores.</p> <p>22 That's one model.</p> <p>23 UNIDENTIFIED MALE 1: Department</p> <p>24 stores?</p> <p>25 MR. BERMAN: Yeah, like Walmart and</p>
<p style="text-align: right;">Page 6</p> <p>1 PROCEEDINGS</p> <p>2 strip in the device.</p> <p>3 Can you hear me all right?</p> <p>4 MR. BERMAN: Yes, I can.</p> <p>5 Bob, why don't you address that</p> <p>6 question?</p> <p>7 MR. JAGUNICH: I'm not sure what the</p> <p>8 question is. Do you put the strip -- what</p> <p>9 we have 510(k) clearance for?</p> <p>10 UNIDENTIFIED MALE 2: No, in other</p> <p>11 words I looked at that LifeScan -- that</p> <p>12 court suit, or whatever it is. I mean the</p> <p>13 strips are all right now. Now they are</p> <p>14 saying about the using the strip in their</p> <p>15 meters.</p> <p>16 MR. JAGUNICH: Yes.</p> <p>17 UNIDENTIFIED MAIL 2: I was just</p> <p>18 wondering how does that look as far as</p> <p>19 what they are trying to say?</p> <p>20 MR. JAGUNICH: Well, first of all,</p> <p>21 what we are alternative to the existing</p> <p>22 J&J diagnostic strip that goes into their</p> <p>23 devices. That is the size of the</p> <p>24 opportunity.</p> <p>25 There are 6.5 million of those</p>	<p style="text-align: right;">Page 8</p> <p>1 PROCEEDINGS</p> <p>2 Costco and the chain grocery stores like</p> <p>3 Kroger. Those stores that are centrally</p> <p>4 managed. Chain drug stores are centrally</p> <p>5 managed, where the decision to carry the</p> <p>6 strip can be made by -- can be made by a</p> <p>7 central management team that would decide.</p> <p>8 That way we won't have to call in each</p> <p>9 individual drugstore. That's one business</p> <p>10 model.</p> <p>11 The second business model, which in</p> <p>12 the past would have been called a</p> <p>13 wholesale business model, would be to go</p> <p>14 to large regional distributors who have a</p> <p>15 book of business that sell to independent</p> <p>16 drug stores, mom and pop drug stores, but</p> <p>17 to some degree those chain stores that are</p> <p>18 not centrally managed, and they will</p> <p>19 distribute directly to -- directly to that</p> <p>20 group of people. The third --</p> <p>21 MR. BURNS: Roger Burns.</p> <p>22 MR. BERMAN: Say that again? I'm</p> <p>23 sorry. It must have been somebody signing</p> <p>24 in.</p> <p>25 The third business is the mail order</p>

<p style="text-align: right;">Page 9</p> <p>1 PROCEEDINGS</p> <p>2 business, which we can talk about in a</p> <p>3 little bit. That's a business that is a</p> <p>4 bit influx right now, not having anything</p> <p>5 to do with GenStrip, but having to do with</p> <p>6 Medicare. So we are probably not going to</p> <p>7 go into that gung ho with both feet for a</p> <p>8 while, but we're going to concentrate on</p> <p>9 an offshoot of that business called the</p> <p>10 DME, the durable medical equipment</p> <p>11 business, where large DMEs, these are</p> <p>12 catalog medical supplies companies do sell</p> <p>13 products directly to small distributors as</p> <p>14 well as individual patients.</p> <p>15 And basically those are our three</p> <p>16 business models. The largest one, the</p> <p>17 easiest one to achieve is the retail</p> <p>18 model.</p> <p>19 UNIDENTIFIED MALE 3? Why has a</p> <p>20 press release not been issued?</p> <p>21 MR. BERMAN: We will issue a press</p> <p>22 release when the company's entire business</p> <p>23 plan is put together, which the 510(k), by</p> <p>24 itself, is not believed to be newsworthy.</p> <p>25 It's probably a seminal event in the</p>	<p style="text-align: right;">Page 11</p> <p>1 PROCEEDINGS</p> <p>2 MR. BERMAN: We hope to make some</p> <p>3 deliveries this year, but we will hit the</p> <p>4 ground running January 1, 2013.</p> <p>5 UNIDENTIFIED MALE 1: Do you have</p> <p>6 any specific orders from the either</p> <p>7 Walmart or Costco or any drug stores?</p> <p>8 MR. BERMAN: I can't comment on</p> <p>9 that. The answer to that is yes, but I</p> <p>10 can't go into specifics. We do have</p> <p>11 substantial orders.</p> <p>12 UNIDENTIFIED MALE 2: I didn't hear</p> <p>13 you.</p> <p>14 MR. BERMAN: I said that we do have</p> <p>15 orders in. We have a distribution</p> <p>16 contract with Walmart.</p> <p>17 One of the reasons this conference</p> <p>18 call is so late today is that we had a</p> <p>19 conference call with them earlier this</p> <p>20 morning, and that will be part of its own</p> <p>21 news release within the next few days.</p> <p>22 We do have substantial orders</p> <p>23 in-house from large regional distributors,</p> <p>24 not a single one of those businesses less</p> <p>25 than \$100 million a year in revenue by</p>
<p style="text-align: right;">Page 10</p> <p>1 PROCEEDINGS</p> <p>2 company, but we can't tie any statements</p> <p>3 to it. It's just an event that's</p> <p>4 occurred, so we posted it on our web site,</p> <p>5 but as soon as we sign the financing</p> <p>6 agreement and are ready to announce first</p> <p>7 deliveries, we're going to have a whole</p> <p>8 series of announcements to make.</p> <p>9 UNIDENTIFIED MALE 3: You don't</p> <p>10 think getting FDA approval is newsworthy</p> <p>11 or important to the company?</p> <p>12 MR. BERMAN: It's probably material</p> <p>13 to people who trade stock, but it's not</p> <p>14 material to the company's business at the</p> <p>15 moment.</p> <p>16 I mean it's a wonderful thing. It's</p> <p>17 a wonderful accomplishment, but unless we</p> <p>18 can say in the press release something</p> <p>19 other than we received FDA approval, which</p> <p>20 is publicly-available information in many</p> <p>21 places, we will end up diluting our</p> <p>22 message and not being able to say the</p> <p>23 right thing for the marketplace.</p> <p>24 UNIDENTIFIED MALE 2: What's the</p> <p>25 time frame for sales and distribution?</p>	<p style="text-align: right;">Page 12</p> <p>1 PROCEEDINGS</p> <p>2 themselves. And those orders in-house</p> <p>3 will make up 100 percent of our</p> <p>4 deliverable product for the next 90 days.</p> <p>5 UNIDENTIFIED MALE 1: From the</p> <p>6 inventory?</p> <p>7 MR. BERMAN: From the</p> <p>8 manufacturers -- from inventory, yes, but</p> <p>9 also from the manufacturer's capability to</p> <p>10 manufacture product.</p> <p>11 UNIDENTIFIED MALE 1: Is your</p> <p>12 package going to be looking the same for</p> <p>13 everybody or is it going to be different?</p> <p>14 MR. BERMAN: There will be two</p> <p>15 packages and then there will be --</p> <p>16 UNIDENTIFIED MALE 1: It's going to</p> <p>17 be 50 and 100 or different sizes?</p> <p>18 MR. BERMAN: There will be 50s only</p> <p>19 to start.</p> <p>20 I interrupted somebody.</p> <p>21 UNIDENTIFIED MALE 4: Based on your</p> <p>22 business model, is there potential for</p> <p>23 another business model of the home</p> <p>24 healthcare market, such as getting a</p> <p>25 master distribution agreement with MedSys</p>

<p style="text-align: right;">Page 13</p> <p>1 PROCEEDINGS</p> <p>2 or somebody of that nature or would that</p> <p>3 fall into your wholesale business model?</p> <p>4 MR. BERMAN: Yeah, that would fall</p> <p>5 into the wholesale business model.</p> <p>6 By the way, the wholesale business</p> <p>7 model has two parts to it. It's kind of a</p> <p>8 complex market because of Medicare and the</p> <p>9 ever shifting sands of Medicare, every</p> <p>10 market changes virtually every year.</p> <p>11 The wholesale market right now is</p> <p>12 made up of large regional distributors</p> <p>13 that have -- that sell to small</p> <p>14 independent drug stores, small other</p> <p>15 independent distributors, clinics and the</p> <p>16 like.</p> <p>17 The second half of that are what are</p> <p>18 known as GPOs, which are group purchasing</p> <p>19 organizations. There are about three or</p> <p>20 four of them that really matter, and</p> <p>21 they -- basically you buy catalog space</p> <p>22 only for them these days. Catalog space</p> <p>23 means an online catalog.</p> <p>24 We have been a med asset provider</p> <p>25 for years. They are the largest in that</p>	<p style="text-align: right;">Page 15</p> <p>1 PROCEEDINGS</p> <p>2 difference.</p> <p>3 The big -- the big -- when you get</p> <p>4 to about 25,000 a month, that's when the</p> <p>5 big price break occurs.</p> <p>6 But just to give you an idea, the</p> <p>7 customer that pays \$20 at 1,000 a month</p> <p>8 and the customer that pays 17.50 at</p> <p>9 500,000 a month, are basically the same</p> <p>10 customer. That's unfortunate, but we're</p> <p>11 not a big enough company at the present</p> <p>12 time to change that mindset, and that type</p> <p>13 of mindset was ingrained into the</p> <p>14 distribution marketplace by LifeScan and</p> <p>15 Bayer and Roche years and years ago, and</p> <p>16 that's what these people understand.</p> <p>17 UNIDENTIFIED MALE 1: Do you have</p> <p>18 limited capacity to manufacture or not?</p> <p>19 MR. BERMAN: No, we have unlimited</p> <p>20 ability to manufacture but certain of the</p> <p>21 raw materials have large lead times.</p> <p>22 Large lead time means 30 days.</p> <p>23 For example, and I think we have</p> <p>24 said this in the past, Leon, but we have</p> <p>25 had -- we said that December is a horrible</p>
<p style="text-align: right;">Page 14</p> <p>1 PROCEEDINGS</p> <p>2 field. So they will fall under the</p> <p>3 wholesale model as well.</p> <p>4 UNIDENTIFIED MALE 1: Who is that?</p> <p>5 MR. BERMAN: Yes. And then there</p> <p>6 are also in that GPO, there are large</p> <p>7 companies that do not specialize in our</p> <p>8 business -- in the strip business, but</p> <p>9 offer -- for example, they service nursing</p> <p>10 homes.</p> <p>11 And to give you an example Medline</p> <p>12 falls into that category, and we will have</p> <p>13 an agreement with medicine line.</p> <p>14 MR. JAGUNICH: And obviously they</p> <p>15 are going to receive the product at a bulk</p> <p>16 rate, at a discount, but at the same time,</p> <p>17 you are looking at volume versus outside</p> <p>18 box per box sales.</p> <p>19 MR. BERMAN: Well, volume discount</p> <p>20 is how the marketplace works.</p> <p>21 MR. JAGUNICH: Correct.</p> <p>22 MR. BERMAN: But the difference</p> <p>23 between a customer that buys 1,000 a month</p> <p>24 and a customer that buys 500,000 a month,</p> <p>25 if we are ever so lucky, is minimal</p>	<p style="text-align: right;">Page 16</p> <p>1 PROCEEDINGS</p> <p>2 month for a number of reasons to launch a</p> <p>3 product, but the biggest reason that it's</p> <p>4 a horrible month is that one of the raw</p> <p>5 components, a chemical that is used for</p> <p>6 the product called the mediator, is a</p> <p>7 product manufactured by Dow Chemical</p> <p>8 Company, and Dow is basically closed this</p> <p>9 month.</p> <p>10 So we bought all we could of this</p> <p>11 chemical on the gray market, and that's</p> <p>12 why we will be able to deliver some strips</p> <p>13 during the month of December, but there</p> <p>14 will be a carryover into January until</p> <p>15 real quantity of the raw components can be</p> <p>16 delivered.</p> <p>17 And, of course, those chemicals</p> <p>18 degrade with time. They have shelf life</p> <p>19 of their own. So nobody wants -- with the</p> <p>20 FDA being the way they were, nobody wants</p> <p>21 to -- wanted to make a substantial</p> <p>22 purchase of raw materials and have that</p> <p>23 have to be thrown away. So that's --</p> <p>24 UNIDENTIFIED MALE 1: The raw</p> <p>25 material has a life or the end product has</p>

<p style="text-align: right;">Page 17</p> <p>1 PROCEEDINGS</p> <p>2 also life?</p> <p>3 MR. BERMAN: Both. The end</p> <p>4 product --</p> <p>5 UNIDENTIFIED MALE 1: What is the</p> <p>6 life on the end product?</p> <p>7 MR. BERMAN: The useful life of the</p> <p>8 end product will be delivered immediately</p> <p>9 with 18 months.</p> <p>10 UNIDENTIFIED MALE 1: So 18 months</p> <p>11 is the life of the strip?</p> <p>12 MR. BERMAN: Yes.</p> <p>13 UNIDENTIFIED MALE 1: Okay. Can you</p> <p>14 tell us approximately, and I know it's a</p> <p>15 very difficult number right now, what do</p> <p>16 you think revenue of the company for 2013</p> <p>17 going to be?</p> <p>18 MR. BERMAN: 13?</p> <p>19 UNIDENTIFIED MALE 1: Yes.</p> <p>20 MR. BERMAN: Well, we forecast that,</p> <p>21 but that -- we'll probably put guidance</p> <p>22 out in January, as we have done in the</p> <p>23 past, but there is no reason to believe</p> <p>24 that revenue guidance for our first year</p> <p>25 of shipment won't be any different than</p>	<p style="text-align: right;">Page 19</p> <p>1 PROCEEDINGS</p> <p>2 I also talk on a weekly basis with</p> <p>3 the Boston consulting group and, of</p> <p>4 course, who is the preeminent analyst of</p> <p>5 the biomedical marketplace. Believe it or</p> <p>6 not, they actually found out about our FDA</p> <p>7 approval several days before we found out</p> <p>8 about our FDA approval. So they are</p> <p>9 pretty much tied into the market, and they</p> <p>10 will, of course, cover us because they</p> <p>11 cover all the major strip manufacturers.</p> <p>12 UNIDENTIFIED MALE 1: So can I ask</p> <p>13 you a question, how many shares of</p> <p>14 standing do we have right now?</p> <p>15 MR. BERMAN: 11,500,000 outstanding,</p> <p>16 another two and a half million that are</p> <p>17 underlying preferred stock. Virtually all</p> <p>18 of those shares are a default collateral</p> <p>19 for our credit line.</p> <p>20 UNIDENTIFIED MALE 1: So basically</p> <p>21 13, 14 million shares, 20 cents, like</p> <p>22 \$2.8 million value of the company?</p> <p>23 MR. BERMAN: Yes.</p> <p>24 MR. HOLLAND: Keith, it's Steve</p> <p>25 Holland. How are you?</p>
<p style="text-align: right;">Page 18</p> <p>1 PROCEEDINGS</p> <p>2 what we have -- that we have guided in the</p> <p>3 past.</p> <p>4 UNIDENTIFIED MALE 1: What was the</p> <p>5 number? I don't remember.</p> <p>6 MR. BERMAN: I don't recall either,</p> <p>7 but it was -- compared to where we have</p> <p>8 been before, it was a substantial number,</p> <p>9 a large number.</p> <p>10 UNIDENTIFIED MALE 1: Where can you</p> <p>11 look at the number? It's in the filings?</p> <p>12 MR. BERMAN: No, it would be on our</p> <p>13 web site.</p> <p>14 MR. JAGUNICH: It would be by</p> <p>15 analysts.</p> <p>16 UNIDENTIFIED MALE 1: Is any analyst</p> <p>17 going to pick up the coverage?</p> <p>18 MR. BERMAN: We certainly hope so.</p> <p>19 UNIDENTIFIED MALE 1: Do you have</p> <p>20 anybody in mind? You talking to anybody?</p> <p>21 MR. BERMAN: As a matter of fact, I</p> <p>22 gave an interview yesterday, and I have</p> <p>23 another interview to give later this</p> <p>24 afternoon, and we will get coverage from a</p> <p>25 real analyst very shortly.</p>	<p style="text-align: right;">Page 20</p> <p>1 PROCEEDINGS</p> <p>2 MR. BERMAN: Hi, Steve.</p> <p>3 MR. HOLLAND: Hi. I have one</p> <p>4 question. I know on your web site you</p> <p>5 posted prior and now that you have the</p> <p>6 approval, have you hired or located a team</p> <p>7 that's going to roll out the sales for</p> <p>8 your fives?</p> <p>9 MR. BERMAN: That's going to roll</p> <p>10 out what?</p> <p>11 MR. HOLLAND: The sales and</p> <p>12 marketing of GenStrip.</p> <p>13 MR. BERMAN: You know, the company</p> <p>14 has been involved in this business for</p> <p>15 about five years, and we have eight or</p> <p>16 nine distributors local distributors,</p> <p>17 regional distributors throughout the</p> <p>18 country and -- these people are going to</p> <p>19 be the first roll out customers.</p> <p>20 Every one of these has anywhere from</p> <p>21 between 1,200 to 2,500 individual drug</p> <p>22 stores, clinics and the like, that they</p> <p>23 will draw on, and then, of course, there</p> <p>24 is Walmart. And hopefully, before the</p> <p>25 year is over, we hope to announce an</p>

<p style="text-align: right;">Page 21</p> <p>1 PROCEEDINGS</p> <p>2 agreement with at least one other large</p> <p>3 distributor -- one other large retailer,</p> <p>4 I'm sorry.</p> <p>5 MR. HOLLAND: Are you able to go</p> <p>6 forward with your business without</p> <p>7 financing, and do you have any idea when</p> <p>8 this financing may come in?</p> <p>9 MR. BERMAN: Actually, the company</p> <p>10 can go ahead without large financing, but</p> <p>11 it would mean that we would have to put</p> <p>12 terms on our sales that are not industry</p> <p>13 standard, which, of course, will lower the</p> <p>14 level of sales.</p> <p>15 MR. HOLLAND: Is that imminent? Is</p> <p>16 it closed?</p> <p>17 MR. BERMAN: It will close before</p> <p>18 December 31.</p> <p>19 UNIDENTIFIED MALE 1:</p> <p>20 Congratulations for your achievement. You</p> <p>21 did great job.</p> <p>22 MR. BERMAN: Well, I mean, Bob, you</p> <p>23 used to manage this area at another</p> <p>24 company. You might want to talk about</p> <p>25 what a remarkable achievement it has been.</p>	<p style="text-align: right;">Page 23</p> <p>1 PROCEEDINGS</p> <p>2 I think it is -- you know, there has</p> <p>3 been a lot of articles published on this,</p> <p>4 how difficult, how transient the FDA is on</p> <p>5 getting 510(k)s.</p> <p>6 I can tell you as a board member,</p> <p>7 and the other board member, I don't know</p> <p>8 if Bill showed up yet, but we having had</p> <p>9 experience since that time in 510(k)s and</p> <p>10 hearing all the stories, know that the FDA</p> <p>11 has gotten extremely hard to deal with,</p> <p>12 and that has, in large part, accounted for</p> <p>13 why it took almost two years to get</p> <p>14 through this process.</p> <p>15 To achieve this, is just amazing.</p> <p>16 The FDA was putting up almost all their</p> <p>17 usual resistance to any kind of 510(k)s,</p> <p>18 the attitude in the FDA seems to be very</p> <p>19 anti-business, and so to achieve this was</p> <p>20 monumental.</p> <p>21 MR. LAND: Incidentally, Keith, I am</p> <p>22 on the call. This is Bill Land.</p> <p>23 MR. BERMAN: Hi, Bill.</p> <p>24 MR. LAND: Hi, guys. I have been</p> <p>25 here, but have been very quiet.</p>
<p style="text-align: right;">Page 22</p> <p>1 PROCEEDINGS</p> <p>2 MR. JAGUNICH: Yeah, I look at it</p> <p>3 from different points of view. I actually</p> <p>4 managed -- I was the vice president of</p> <p>5 strategic marketing, and I also had</p> <p>6 regulatory reported to me at a company</p> <p>7 called LaserScope that was a NASDAQ-traded</p> <p>8 stock, got acquired by a couple of</p> <p>9 companies since then, and I had an eight</p> <p>10 member team.</p> <p>11 And actually, back then we were able</p> <p>12 to get almost 25 10(k)s during that time.</p> <p>13 It was never easy. We had to do a lot of</p> <p>14 work. We had to do the clinical trials.</p> <p>15 It was in a different area. It wasn't in</p> <p>16 diagnostic.</p> <p>17 Real up to today, I have been</p> <p>18 involved with some other startups in the</p> <p>19 medical device area, and I know like in</p> <p>20 Silicon Valley where I live, right now</p> <p>21 there are venture capitalists that are</p> <p>22 more or less pulling out of the medical</p> <p>23 device field, I have been told since 2007,</p> <p>24 just because of their concern with getting</p> <p>25 to the FDA.</p>	<p style="text-align: right;">Page 24</p> <p>1 PROCEEDINGS</p> <p>2 For anyone on the call, I am also on</p> <p>3 the board of directors, and I certainly</p> <p>4 would like to also commend Keith for what</p> <p>5 he has been able to do.</p> <p>6 I am a president of a medical device</p> <p>7 company. I know the level of complexity</p> <p>8 and difficulty that he has overcome in</p> <p>9 securing this 510(k) market clearance. In</p> <p>10 fact, I have told Keith in the past, as I</p> <p>11 have told the board of directors, that I</p> <p>12 thought it was highly unlikely that he</p> <p>13 would be able to achieve this.</p> <p>14 When I learned of this, the first</p> <p>15 thing I did was call Keith and admitted</p> <p>16 that I was wrong and he was absolutely</p> <p>17 right. He has pulled off what I consider</p> <p>18 to be a absolutely remarkable achievement,</p> <p>19 and he should be applauded for having done</p> <p>20 so.</p> <p>21 That's really all I would like to</p> <p>22 say.</p> <p>23 MR. JAGUNICH: Yep. I second that.</p> <p>24 MR. BERMAN: Thanks for the</p> <p>25 compliments, Bill and Bob, but just so you</p>

<p style="text-align: right;">Page 25</p> <p>1 PROCEEDINGS</p> <p>2 people that are on this call understand,</p> <p>3 our record -- and then I will go into a</p> <p>4 little history of the whole process,</p> <p>5 because some people may be interested in</p> <p>6 it, having never been through it.</p> <p>7 Our record, the paper record that we</p> <p>8 filed with the FDA that began after the</p> <p>9 application was filed, but when they first</p> <p>10 acknowledged receiving the file even</p> <p>11 before DECN was -- became contractually</p> <p>12 obligated to manage the process, our paper</p> <p>13 record is 8 feet tall. That's how much</p> <p>14 exchange we have had with the FDA.</p> <p>15 Now, a lot of it is repeating the</p> <p>16 things we repeated previously and repeated</p> <p>17 before that, but just to give you an idea,</p> <p>18 we had 17 rounds of comments. We asked</p> <p>19 for seven extensions and did not receive</p> <p>20 the break through from the FDA until June</p> <p>21 of this year. It was -- and by the way,</p> <p>22 as badly as we feel that we were treated</p> <p>23 and as hard as it was for us to overcome</p> <p>24 this, the lawyer that we hired to</p> <p>25 represent us that does this for a living,</p>	<p style="text-align: right;">Page 27</p> <p>1 PROCEEDINGS</p> <p>2 you know, I guess that will be a nameless,</p> <p>3 faceless person, but somebody decided that</p> <p>4 taxing medical devices -- taxing better</p> <p>5 health is -- was a good thing to do.</p> <p>6 UNIDENTIFIED MALE 1: In 2011?</p> <p>7 MR. BERMAN: Yes -- no, 2010. It</p> <p>8 was the ObamaCare that memorialized it and</p> <p>9 that tax begins January 1, 2012.</p> <p>10 UNIDENTIFIED MALE 1: You know</p> <p>11 taxing is the most productive entity in</p> <p>12 the country it becomes.</p> <p>13 MR. BERMAN: Yeah. So you know this</p> <p>14 is a remarkable achievement.</p> <p>15 UNIDENTIFIED MALE 1: Yes.</p> <p>16 MR. KIPSEN (phonetic): Keith. This</p> <p>17 is Mr. Kipsen. I have been a long-term</p> <p>18 shareholder and went through some of the</p> <p>19 trials and the split with the SOX.</p> <p>20 Is the financing going to be diluted</p> <p>21 to the long-term shareholders?</p> <p>22 MR. BERMAN: It will be -- it will</p> <p>23 be dilutive because you have ongoing fees,</p> <p>24 but it's not -- you know, a lot of people</p> <p>25 in our marketplace equate financing with</p>
<p style="text-align: right;">Page 26</p> <p>1 PROCEEDINGS</p> <p>2 tells me we were one of the easy ones,</p> <p>3 that there are companies that have spent</p> <p>4 \$70 million trying to get these approvals</p> <p>5 and still haven't gotten the approval.</p> <p>6 There are biotechs -- biotech</p> <p>7 diagnostic firms that have spent that</p> <p>8 amount of money. Most of it venture</p> <p>9 startup money. There is some Amex-traded</p> <p>10 biotechs that are trying to get this</p> <p>11 approved, but because diagnostics are</p> <p>12 treated as medical devices, the entire</p> <p>13 medical device industry is under attack</p> <p>14 for some reason.</p> <p>15 And one of the other things that I</p> <p>16 don't think many of you know, do you know</p> <p>17 there is a special tax on medical devices</p> <p>18 that was levied as part of the fiscal</p> <p>19 stimulus in 2009 and then it became part</p> <p>20 of ObamaCare. There is no other industry</p> <p>21 anywhere that has a special tax unless</p> <p>22 it's a SIN type of product.</p> <p>23 UNIDENTIFIED MALE 1: How do you</p> <p>24 explain that?</p> <p>25 MR. BERMAN: Somebody decided, and,</p>	<p style="text-align: right;">Page 28</p> <p>1 PROCEEDINGS</p> <p>2 things like equity lines and things of</p> <p>3 that nature. That's not the case here.</p> <p>4 Us guys, as a board, in 2010 right</p> <p>5 before the 2010 shareholder conference</p> <p>6 call, we all decided collectively that we</p> <p>7 weren't going to do any of those types of</p> <p>8 financing.</p> <p>9 Frankly, Bob Jagunich and I fought</p> <p>10 for five years against that type of</p> <p>11 financing that prior management had gotten</p> <p>12 the company involved in, and we would</p> <p>13 still be saddled with that financing if</p> <p>14 the company that previous management</p> <p>15 entered into an agreement with hadn't</p> <p>16 filed for bankruptcy, which we were able</p> <p>17 to settle and get out of that bad deal,</p> <p>18 but our -- by the way, we are shareholders</p> <p>19 just like all of you guys are.</p> <p>20 So if we are going to dilute the</p> <p>21 company -- and there are substantial</p> <p>22 numbers of small public companies,</p> <p>23 bulletin board companies and paint chip</p> <p>24 companies that entered into these kind of</p> <p>25 financings for a couple of reasons, but</p>

<p style="text-align: right;">Page 29</p> <p>1 PROCEEDINGS</p> <p>2 the most important reason is so that</p> <p>3 management can continue earning large</p> <p>4 salaries, because it is a way to monetize</p> <p>5 the company's stock.</p> <p>6 We have never viewed it that way.</p> <p>7 We have always viewed that our job is to</p> <p>8 provide the best product and the best</p> <p>9 company available that we possibly can.</p> <p>10 And our belief has been, as</p> <p>11 shareholders -- now, I have been a</p> <p>12 shareholder in this company since 1999.</p> <p>13 Bob Jagunich as well. I think Bill Lyons</p> <p>14 has been a shareholders since 2001 or</p> <p>15 2002.</p> <p>16 Our goal has always been to make the</p> <p>17 value of the company as high as possible</p> <p>18 and to keep it growing because if the</p> <p>19 shareholders' benefit, we, as</p> <p>20 shareholders, benefit also.</p> <p>21 UNIDENTIFIED MALE: Are there any</p> <p>22 Johnson & Johnson (inaudible)?</p> <p>23 MR. BERMAN: In terms of what?</p> <p>24 UNIDENTIFIED MALE: Any updates?</p> <p>25 Any change?</p>	<p style="text-align: right;">Page 31</p> <p>1 PROCEEDINGS</p> <p>2 information on our web site.</p> <p>3 In terms of the lawsuit itself,</p> <p>4 these are kind of long range affairs, but</p> <p>5 if the patents are thrown out, the lawsuit</p> <p>6 is gone too.</p> <p>7 UNIDENTIFIED MALE 1: May I ask a</p> <p>8 question? If Johnson & Johnson have their</p> <p>9 product after you have your product, how</p> <p>10 come there is an infringement possibility?</p> <p>11 MR. BERMAN: We can't kind any</p> <p>12 infringement possibility. That's one of</p> <p>13 the issues that we are dealing with here.</p> <p>14 In the generic drug business,</p> <p>15 typically the generic drug manufacturers</p> <p>16 manufacture exact copies of an existing</p> <p>17 brand name drug where the patent has run</p> <p>18 out, and sometimes they get in litigation</p> <p>19 sometimes they don't, but that's a very</p> <p>20 tried and true path.</p> <p>21 This particular product is not a</p> <p>22 generic product. It's an alternative</p> <p>23 product, and as a result of that, of it</p> <p>24 being a generic product, it was</p> <p>25 independently developed and independently</p>
<p style="text-align: right;">Page 30</p> <p>1 PROCEEDINGS</p> <p>2 MR. BERMAN: There have been a few</p> <p>3 changes in the last couple of days that I</p> <p>4 can't speak about yet, but you will find</p> <p>5 it online when certain papers are filed</p> <p>6 with the court.</p> <p>7 I can say this, because this is</p> <p>8 publicly-available information, that as</p> <p>9 part of the Johnson & Johnson lawsuit, the</p> <p>10 legal firm that represents Pharmatech and</p> <p>11 Decision Diagnostics, filed a challenge to</p> <p>12 Johnson & Johnson's patents, and</p> <p>13 typically, those challenges go unreviewed,</p> <p>14 because a lot of times they are shots in</p> <p>15 the dark.</p> <p>16 Our guys filed these challenges.</p> <p>17 All three of those challenges were granted</p> <p>18 last Friday, and there was already a</p> <p>19 cursory review of those three patents, and</p> <p>20 Johnson & Johnson was slapped a bit by the</p> <p>21 reviewer -- special reviewer that's</p> <p>22 overlooking these patents. And we're</p> <p>23 going to ask our lawyers in the next</p> <p>24 couple of days if we can't post these</p> <p>25 patent review requests, which are public</p>	<p style="text-align: right;">Page 32</p> <p>1 PROCEEDINGS</p> <p>2 designed and independently tested. And</p> <p>3 whereas it works on a Johnson & Johnson</p> <p>4 meter, because that's what it was designed</p> <p>5 to do, it doesn't infringe on the -- at</p> <p>6 least that's our opinion and our lawyers'</p> <p>7 opinion, and we think it's going to be the</p> <p>8 Patent & Trademark Office opinion as well,</p> <p>9 it doesn't --</p> <p>10 MR. JAGUNICH: I just want to make</p> <p>11 sure. As you all know, the courts and</p> <p>12 regulatory bodies make their own</p> <p>13 decisions, and although we feel strongly</p> <p>14 that we don't infringe, there is always</p> <p>15 the possibility and there is always that</p> <p>16 caveat.</p> <p>17 MR. BERMAN: But, again, if the</p> <p>18 Patent & Trademark Office finds that</p> <p>19 Johnson & Johnson's patent is not an</p> <p>20 effective patent, the patents go away and</p> <p>21 the lawsuit goes away.</p> <p>22 ROGER: Keith, this is Roger from</p> <p>23 Chicago.</p> <p>24 MR. BERMAN: Hi.</p> <p>25 ROGER: How are you doing?</p>

<p style="text-align: right;">Page 33</p> <p>1 PROCEEDINGS</p> <p>2 MR. BERMAN: Good, Roger. How are</p> <p>3 you?</p> <p>4 Did you get snow? Did you get a lot</p> <p>5 of snow?</p> <p>6 ROGER: No, not yet. We set a</p> <p>7 record. No snow yet.</p> <p>8 I want to say congratulations on the</p> <p>9 510, and I was wondering about the -- are</p> <p>10 you going to promote this? There was some</p> <p>11 talk about, what was it, last year, about</p> <p>12 an info commercial. I don't know what</p> <p>13 became of that, but what's the marketing</p> <p>14 plan?</p> <p>15 MR. BERMAN: We have -- we are in</p> <p>16 discussions at the moment and are ready to</p> <p>17 sign an agreement with an LA-based firm</p> <p>18 that is going to produce a 30-second</p> <p>19 commercial, a 60-second commercial, and a</p> <p>20 four-minute infomercial for the company,</p> <p>21 all at one price, which we will probably</p> <p>22 post one of the two commercials, plus the</p> <p>23 infomercial on YouTube. And once that</p> <p>24 happens, all of these shows that book</p> <p>25 space on Lifetime and TLC and so on, will</p>	<p style="text-align: right;">Page 35</p> <p>1 PROCEEDINGS</p> <p>2 MR. BERMAN: Well, we can understand</p> <p>3 how people who trade stocks for a living</p> <p>4 and look at the dilution would be</p> <p>5 interested in that, but, frankly, if we</p> <p>6 were to go to the market and raise money</p> <p>7 for our financing at today's price levels,</p> <p>8 we would be doing everybody a disservice.</p> <p>9 So the goal now is -- you know --</p> <p>10 you know, certainly Bill and Bob and I</p> <p>11 were involved with another company a</p> <p>12 decade ago that caught the wind at that</p> <p>13 particular point in time, and their stock</p> <p>14 went from like 17 cents to \$9, and, you</p> <p>15 know, they were smart enough to raise</p> <p>16 money in chunks. They weren't smart</p> <p>17 enough to keep us around, but they did</p> <p>18 their financings correctly, and they</p> <p>19 waited for appropriate levels and</p> <p>20 typically raised the same amount of money,</p> <p>21 but each time they went to the market to</p> <p>22 raise that money they offered fewer and</p> <p>23 fewer shares to raise that money.</p> <p>24 And that's kind of our goal too.</p> <p>25 The financing that we are doing to finance</p>
<p style="text-align: right;">Page 34</p> <p>1 PROCEEDINGS</p> <p>2 probably want to have us interviewed for</p> <p>3 their morning shows, primarily addressed</p> <p>4 to women, plus the diabetes networks that</p> <p>5 broadcast into diabetic doctors' office --</p> <p>6 diabetic doctors' treatment offices will</p> <p>7 want to pick that up as well.</p> <p>8 Those of you who have looked, we are</p> <p>9 on Facebook already. So we will probably</p> <p>10 have these infomercials on Facebook --</p> <p>11 posted on Facebook and on our web site.</p> <p>12 MR. DYON (phonetic): Keith, I have</p> <p>13 a question for you. This is Michael Dyon.</p> <p>14 First of all, congratulations. This</p> <p>15 is awesome, awesome news. Great job.</p> <p>16 I wanted to ask -- you sort of</p> <p>17 touched on some financing that was looking</p> <p>18 like you might announce it by year end.</p> <p>19 Will this financing take care of all your</p> <p>20 needs long term and short term or is it</p> <p>21 something that might just handle short</p> <p>22 term and you will have to go back to the</p> <p>23 market? Will this solve the one thing</p> <p>24 that everybody would love to know, which</p> <p>25 is we are done with our financing?</p>	<p style="text-align: right;">Page 36</p> <p>1 PROCEEDINGS</p> <p>2 the sales of the product is very</p> <p>3 different. That's credit financing.</p> <p>4 That's kind of a traditional way that</p> <p>5 companies operate.</p> <p>6 The other financing we are looking</p> <p>7 to do is about a million dollars of equity</p> <p>8 capital. Hopefully, we pick up a partner</p> <p>9 as a result of that. It certainly won't</p> <p>10 be an equity line. It won't be anything</p> <p>11 that is toxic. It won't be anything that</p> <p>12 is a death spiral or any of those type of</p> <p>13 things. And it will only be with a fund</p> <p>14 or people that specialize in these things</p> <p>15 or a consortium of people.</p> <p>16 For example, I have a conference</p> <p>17 call scheduled for tomorrow with a group</p> <p>18 of doctors that may consider investing.</p> <p>19 So, you know, companies like us will</p> <p>20 always have -- if we are growing, and we</p> <p>21 are going to be -- I'm just going to pull</p> <p>22 a number out of the air. Let's say we are</p> <p>23 going to be a \$30 million company, without</p> <p>24 putting a time period on that \$30 million,</p> <p>25 the financing needs for a \$30 million</p>

<p style="text-align: right;">Page 37</p> <p>1 PROCEEDINGS</p> <p>2 company are certainly different than the</p> <p>3 financing needs for a \$500 million</p> <p>4 company.</p> <p>5 MR. DYON: Thank you. Why dilute</p> <p>6 the company and the shareholders if you do</p> <p>7 all the financing now. Understood. Thank</p> <p>8 you.</p> <p>9 MR. JAGUNICH: Also on the financing</p> <p>10 in terms profitability right now, because</p> <p>11 our current model is going to bank like</p> <p>12 institutions is based upon our old</p> <p>13 business in which it was difficult to get</p> <p>14 good terms.</p> <p>15 As our model -- as our business</p> <p>16 gross and our model proves out, we will</p> <p>17 also be getting better terms. So we don't</p> <p>18 want to sign up with a long-term</p> <p>19 organization that we can't get out of to</p> <p>20 get better financing rates and that type</p> <p>21 of thing. So profitability will also</p> <p>22 improve as we go up.</p> <p>23 UNIDENTIFIED MALE 1: Is there any</p> <p>24 plans for other testing hardware to do now</p> <p>25 or you are going to postpone until you</p>	<p style="text-align: right;">Page 39</p> <p>1 PROCEEDINGS</p> <p>2 the LifeScan -- doing the LifeScan strip,</p> <p>3 the Ultra alternative strip, which we wish</p> <p>4 to leverage that experience and do one</p> <p>5 that is of a similar nature, but probably</p> <p>6 one generation newer. That's probably</p> <p>7 something we can do rather quickly,</p> <p>8 quickly in those terms, not quickly in --</p> <p>9 in daily terms. You know, we could</p> <p>10 probably do that in 9 to 12 months, but</p> <p>11 the market for that strip is somewhat</p> <p>12 smaller, or we could take on a project</p> <p>13 where the market is much larger, but the</p> <p>14 strip to do is much more complicated.</p> <p>15 UNIDENTIFIED MALE 1: Which one is</p> <p>16 this? Bayer?</p> <p>17 MR. BERMAN: Well, I don't want to</p> <p>18 get into discussing other companies'</p> <p>19 names. Where the company has already been</p> <p>20 sued once prior to launching a product</p> <p>21 just because some people that used to be</p> <p>22 close to the company called that other</p> <p>23 company and got them interested in things</p> <p>24 that hadn't happened yet, so let's just</p> <p>25 kind of keep that to a minimum.</p>
<p style="text-align: right;">Page 38</p> <p>1 PROCEEDINGS</p> <p>2 have cash flow from the -- from the</p> <p>3 Johnson & Johnson strips?</p> <p>4 MR. BERMAN: Actually, Leon, that's</p> <p>5 a very good question.</p> <p>6 In addition to raising the money to</p> <p>7 finance the sales of GenStrip and then</p> <p>8 \$1 million or so of working capital that</p> <p>9 the company needs, we are also going to</p> <p>10 raise money and establish an R&D</p> <p>11 partnership. And yes, it is the company's</p> <p>12 plan, because we have broken the code and</p> <p>13 we know how to get FDA approval, not that</p> <p>14 it will be, you know, a quick -- like if</p> <p>15 LifeScan filed for a 510(k), they would be</p> <p>16 approved in less than 30 days.</p> <p>17 We don't hope to do that, but we do</p> <p>18 hope that it's faster than two and a half</p> <p>19 years from inception, but we -- we are</p> <p>20 looking at two models that we wish to</p> <p>21 follow for the next diagnostic strip that</p> <p>22 we are going to come out with.</p> <p>23 The first model that we are looking</p> <p>24 at is a model for a strip that we can</p> <p>25 leverage some of the experienced gained on</p>	<p style="text-align: right;">Page 40</p> <p>1 PROCEEDINGS</p> <p>2 I will tell you this, four</p> <p>3 companies -- until we came along, four</p> <p>4 companies make up 92 percent of the total</p> <p>5 market in diabetic test strips.</p> <p>6 UNIDENTIFIED MALE 1: Can you give</p> <p>7 us from the highest to lowest? Like</p> <p>8 Johnson & Johnson one. Who are two, three</p> <p>9 and four?</p> <p>10 MR. BERMAN: Well, we need to look</p> <p>11 at this worldwide because ultimately if we</p> <p>12 don't come up with an international</p> <p>13 version of this product, the US</p> <p>14 distributors are going to try to divert</p> <p>15 the goods overseas, because it always</p> <p>16 happens.</p> <p>17 So we look at the market worldwide,</p> <p>18 and this is a market that's always</p> <p>19 growing. Used to be that the growth in</p> <p>20 the US was probably two to three times</p> <p>21 higher than the growth in the rest of the</p> <p>22 world, but now it's turned, and it's just</p> <p>23 the opposite.</p> <p>24 The growth in the US is seven -- 5</p> <p>25 to 7 to 10 percent a year, and the growth</p>

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1 PROCEEDINGS
2 overseas is in the 20 percent -- the
3 20 percent area.
4 If you look overseas, Roche,
5 Hoffmann-La Roche and Johnson & Johnson
6 LifeScan are one and two or two and one,
7 any way you look at it. And each of them
8 are in the vicinity of mid to upper
9 30 percent mark.
10 It's a different kind of market over
11 here, slightly different market. The
12 other two major players are Abbott
13 Diagnostics, another US company, and Bayer
14 Healthcare, which is a German company, and
15 they are number three and number four.
16 And collectively, those four account
17 for about 90 percent of the market. There
18 are about 100 other players, mostly
19 Chinese companies, Chinese, Taiwanese and
20 Korean companies that have launched
21 products to marginal success. The largest
22 of that group of companies is like
23 eight-tenths of one percent.
24 And the reason that they haven't
25 been as successful or successful at all,

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1 PROCEEDINGS
2 other than the fact they are foreign
3 products, and there are large groups of
4 Americans that just won't buy a
5 non-American medical product, but one of
6 the reasons that these companies haven't
7 been successful is that they got a late
8 start on the market. They didn't come to
9 market until 2007, maybe 2006. They got
10 their FDA approval, and by then, they were
11 already 7 million users of diabetic meters
12 on the market, at that point all of
13 them -- virtually all of them from the
14 large four pharmaceutical companies.
15 And they have proven to everybody
16 that it's very, very difficult to sell a
17 new meter and strip combination to a type
18 two diabetic that averages 67 years of
19 age, is usually male, and a large percent
20 of them are institutionalized. Very hard
21 to -- very expensive, very hard to change
22 their meter configuration, which is why
23 going in the alternative strip route has
24 proven so successful for us or at least on
25 the verge of success.

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1 PROCEEDINGS
2 **UNIDENTIFIED MALE 1:** I was in
3 eastern Europe about ten months ago, and I
4 went -- I was in two countries, and I went
5 specifically in the drug stores to see
6 what kind of strips they sell. They all
7 sell American strips. They all sell the
8 same strip which you mentioned the names.
9 **MR. BERMAN:** But there will be a
10 different language on the box.
11 **UNIDENTIFIED MALE 1:** That's right,
12 but it's exactly the same. And in Europe
13 do you need the same approval or much
14 easier approval for the strips?
15 **MR. BERMAN:** Much easier approval.
16 The process is called CE marking in the
17 European community.
18 Used to be, and this was until about
19 a year and a half ago, you didn't need FDA
20 approval to sell products overseas.
21 For example, Johnson & Johnson sells
22 a product here called Vario. They sold
23 that product in Europe for two years
24 before they received FDA approval on it
25 over here.

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1 PROCEEDINGS
2 So they changed that, I want to say
3 in October of 2010 or it might have been
4 February of 2011. They changed the
5 procedure there where to get your CE mark
6 you have to -- you have to prove that you
7 have some regulatory oversight approval on
8 the product.
9 However, I guess I haven't answered
10 your question, Leon, however, the CE
11 process is typically a six-week process.
12 **UNIDENTIFIED MALE 1:** Oh, that's
13 nothing. That's not --
14 **MR. BERMAN:** I'm sorry. Somebody
15 else ask a question?
16 **UNIDENTIFIED MALE 5:** Yes, sir. Has
17 the company -- does it have a milestone
18 that would be looking forward to
19 accomplishing overseas approval?
20 **MR. BERMAN:** That's a late first
21 quarter 2013 project.
22 **UNIDENTIFIED MALE 5:** Thank you.
23 **MR. BANGSTED:** Keith, this is Darren
24 Bangsted (phonetic). You mentioned --
25 what would you consider two fold is what

<p style="text-align: right;">Page 45</p> <p>1 PROCEEDINGS</p> <p>2 are the successful market penetration and</p> <p>3 then what would be, let's just say, beyond</p> <p>4 your market dream penetration?</p> <p>5 MR. BERMAN: I spend a lot of my</p> <p>6 time dealing with people that are in the</p> <p>7 marketplace, and one of the things that we</p> <p>8 pretty much discovered is that we are</p> <p>9 going to be able to take advantage of all</p> <p>10 of these Chinese and Korean products,</p> <p>11 which collectively are known as value</p> <p>12 strips. They are strips that typically</p> <p>13 sell for less than \$10 a vial to people</p> <p>14 who actually buy these things, but our</p> <p>15 belief is that we could probably grow this</p> <p>16 product over a period of five years to the</p> <p>17 point where we are about 10 percent of the</p> <p>18 market -- of the market for Johnson &</p> <p>19 Johnson products.</p> <p>20 I think if we screwed everything up,</p> <p>21 and by screwing everything up, I mean we</p> <p>22 aren't able to raise capital, our</p> <p>23 marketing plan is wrong, our pricing</p> <p>24 structure is way off base, we will still</p> <p>25 probably achieve 2 or 3 percent.</p>	<p style="text-align: right;">Page 47</p> <p>1 PROCEEDINGS</p> <p>2 very few of these companies are able to</p> <p>3 convert the mail order market, which is</p> <p>4 direct to patient market into the overall</p> <p>5 market share and that isn't LifeScan's</p> <p>6 forte market anyway. They are not hugely</p> <p>7 successful in that market.</p> <p>8 For example -- well, just to make</p> <p>9 this easier. My guess is that Bayer,</p> <p>10 which is a force in the mail order market</p> <p>11 under reports and ultra LifeScan over</p> <p>12 reports, because of the way that the boxes</p> <p>13 are counted, which is a huge emphasis on</p> <p>14 the retail pharmacy market.</p> <p>15 We are not forecasting at the moment</p> <p>16 because of Medicare competitive bidding,</p> <p>17 which is kind of turned the entire market</p> <p>18 into a flux. We have not forecast the</p> <p>19 mail order market.</p> <p>20 So when I tell you if we screw up 2</p> <p>21 or 3 percent, and if we do great,</p> <p>22 10 percent, that doesn't include mail</p> <p>23 order.</p> <p>24 UNIDENTIFIED MALE 6: That's great.</p> <p>25 Thank you very much.</p>
<p style="text-align: right;">Page 46</p> <p>1 PROCEEDINGS</p> <p>2 UNIDENTIFIED MALE 6: And out of</p> <p>3 that 92 percent, Johnson & Johnson</p> <p>4 controls --</p> <p>5 MR. BERMAN: In the high --</p> <p>6 depending upon the markets that you wish</p> <p>7 to include in this -- like, for example,</p> <p>8 if you picked up a --</p> <p>9 UNIDENTIFIED MALE 6: Just a general</p> <p>10 number.</p> <p>11 MR. BERMAN: Well, there is no such</p> <p>12 thing, and that's what I was just trying</p> <p>13 to get to.</p> <p>14 There is a company in Philadelphia</p> <p>15 called IMS, and IMS is the industries</p> <p>16 reporter of what is sold by what</p> <p>17 companies. Actually manufacturers report</p> <p>18 to IMS online and tell them which markets</p> <p>19 by SIC code they sell into. And by and</p> <p>20 large, it's difficult to get numbers from</p> <p>21 the mail order end of the market.</p> <p>22 So when you are looking at an IMS</p> <p>23 survey, that survey may show you that</p> <p>24 Johnson & Johnson LifeScan may control in</p> <p>25 the mid 40s in terms of market share, but</p>	<p style="text-align: right;">Page 48</p> <p>1 PROCEEDINGS</p> <p>2 MR. BERMAN: Any additional</p> <p>3 questions?</p> <p>4 (Inaudible.)</p> <p>5 MR. BERMAN: Who distributes to</p> <p>6 whose house? Somebody has got a bad line.</p> <p>7 I can't hear who is speaking.</p> <p>8 All right. That's fine.</p> <p>9 ROGER: Can you hear me, Keith?</p> <p>10 Roger.</p> <p>11 MR. BERMAN: I sure can, Roger.</p> <p>12 ROGER: At what point do you think</p> <p>13 we will be getting off the OTCVB?</p> <p>14 MR. BERMAN: There are several</p> <p>15 requirements that the company needs to --</p> <p>16 needs to achieve to move on to the Amex or</p> <p>17 the NASDAQ market in addition to having</p> <p>18 the registration fee, which is</p> <p>19 substantial, but the two areas that we</p> <p>20 don't currently meet where compromises</p> <p>21 with the exchange is probably -- wouldn't</p> <p>22 be to the company's liking, the directors'</p> <p>23 liking at the moment, are the stock price.</p> <p>24 They would demand a reverse split</p> <p>25 and they would demand a very direct</p>

<p style="text-align: right;">Page 49</p> <p>1 PROCEEDINGS</p> <p>2 reverse split, so that we got well into</p> <p>3 the -- well into the \$3 range, 3.50 range</p> <p>4 with the stock, which we think the stock</p> <p>5 will go to anyway over a period of time.</p> <p>6 And the other criteria we don't meet, we</p> <p>7 will meet the moment we raise the million</p> <p>8 dollars of working capital.</p> <p>9 ROGER: All right. Thank you.</p> <p>10 UNIDENTIFIED MALE 7: Keith, can you</p> <p>11 just go through quickly the cost of the</p> <p>12 products and what you are selling the</p> <p>13 products for and then comparing that to</p> <p>14 what Johnson & Johnson is selling their</p> <p>15 strips for?</p> <p>16 MR. BERMAN: Well, I won't go into</p> <p>17 the cost of the product because it will</p> <p>18 involve discussing royalties that we have</p> <p>19 to pay and commissions that we have to</p> <p>20 pay.</p> <p>21 By the way, guys, one of the</p> <p>22 benefits of this is that we were</p> <p>23 approached by a company that had the sales</p> <p>24 rights to this product, who sold us the</p> <p>25 sales rights under the condition that we</p>	<p style="text-align: right;">Page 51</p> <p>1 PROCEEDINGS</p> <p>2 MR. LYONS: Up to you, but I would</p> <p>3 recommend that you do not.</p> <p>4 MR. BERMAN: Actually, I wasn't</p> <p>5 going to. I wasn't going to answer that.</p> <p>6 What I was going to say was --</p> <p>7 MR. LYONS: Forget I said anything</p> <p>8 then.</p> <p>9 MR. BERMAN: Say that again.</p> <p>10 MR. LYONS: I said forget I said</p> <p>11 anything then.</p> <p>12 MR. BERMAN: I don't even know who</p> <p>13 asked the question.</p> <p>14 MR. LYONS: It's Bill.</p> <p>15 MR. BERMAN: Oh, hi, Bill.</p> <p>16 MR. LYONS: I didn't ask the</p> <p>17 question. I commented on -- on not</p> <p>18 commenting on the price. Someone asked</p> <p>19 you a question, I don't know who it was,</p> <p>20 about what your anticipated sell price is</p> <p>21 versus J&J.</p> <p>22 MR. BERMAN: I will give general</p> <p>23 broad outlines. The J&J retail box is --</p> <p>24 they just got a price increase in 2012 and</p> <p>25 in '11 and in '10 and in '09. It sells</p>
<p style="text-align: right;">Page 50</p> <p>1 PROCEEDINGS</p> <p>2 also took over the regulatory process,</p> <p>3 among other things, or else there wouldn't</p> <p>4 be a GenStrip today, but so I won't go</p> <p>5 into the costing of it, other than to say</p> <p>6 that the margins that we are going to</p> <p>7 achieve even after tax are nearly big</p> <p>8 pharma margins. So it's going to be a</p> <p>9 markedly successful product.</p> <p>10 UNIDENTIFIED MALE 1: Profit margin</p> <p>11 or net margin?</p> <p>12 MR. BERMAN: Profit before tax. And</p> <p>13 then, of course, we have a lot of tax loss</p> <p>14 carry forwards. It's going to be a big</p> <p>15 time pharma-like product for probably most</p> <p>16 of its life cycle.</p> <p>17 In terms of the selling price --</p> <p>18 MR. LYONS: Keith, I would counsel</p> <p>19 not raising selling price as an issue.</p> <p>20 MR. BERMAN: Say that again.</p> <p>21 MR. LYONS: I would not -- I would</p> <p>22 not recommend that you -- you discuss</p> <p>23 selling price right now.</p> <p>24 MR. BERMAN: Well, the question</p> <p>25 was --</p>	<p style="text-align: right;">Page 52</p> <p>1 PROCEEDINGS</p> <p>2 for about \$1.25 a strip. And in 2010,</p> <p>3 they broke the \$1 a strip level which</p> <p>4 was -- which was a psychological level</p> <p>5 that changed the market and, of course,</p> <p>6 everybody followed suit.</p> <p>7 And our goal is to provide a product</p> <p>8 that costs substantially less than that,</p> <p>9 because our value proposition is totally</p> <p>10 based on selling -- selling a strip for --</p> <p>11 for less than the competition.</p> <p>12 So as an aside, our strip also works</p> <p>13 better but -- and, you know, Bob you might</p> <p>14 want to talk about that too, but there is</p> <p>15 a major value proposition to this strip</p> <p>16 versus the Johnson & Johnson strip.</p> <p>17 MR. JAGUNICH: I think it's fair to</p> <p>18 say that J&J has a fairly large percentage</p> <p>19 of the market. It's one of the two major</p> <p>20 leaders of oligopoly.</p> <p>21 And our strip is better, which in</p> <p>22 dealing with certain marketing agreements</p> <p>23 that we will achieve, is an advantage</p> <p>24 because I think that these retailers or</p> <p>25 marketers for us will -- are looking for a</p>

<p style="text-align: right;">Page 53</p> <p>1 PROCEEDINGS</p> <p>2 price concession because of J&J's</p> <p>3 dominance. You know, there is an</p> <p>4 oligopoly is exactly what it is. J&J sets</p> <p>5 the pricing I think for the industry. We</p> <p>6 will come in substantially less than that.</p> <p>7 I think the advantage ultimately is</p> <p>8 to the consumer, because even though</p> <p>9 Medicare -- and, you know, Keith talks</p> <p>10 about the average consumer is around 67</p> <p>11 and male. You are looking at someone who</p> <p>12 is on Medicare, where they only pay \$31</p> <p>13 per strip. So a lot of that is coming out</p> <p>14 of people's pockets.</p> <p>15 And we want to appeal to that as</p> <p>16 well as J&J has provided rather thin</p> <p>17 margins to distributors. So there is</p> <p>18 going to be some workout between the price</p> <p>19 that we charge and what they will charge</p> <p>20 consumers, but it's going to benefit</p> <p>21 consumers as well as the distribution</p> <p>22 channels we will be approaching, and we,</p> <p>23 you know, have to work out something where</p> <p>24 we get fair margins, at the same time we</p> <p>25 take advantage of our lower cost structure</p>	<p style="text-align: right;">Page 55</p> <p>1 PROCEEDINGS</p> <p>2 shoot them down. We actually thought that</p> <p>3 we would get our approval on the 21st of</p> <p>4 December, and it came three weeks earlier</p> <p>5 than that.</p> <p>6 As a result of that, the</p> <p>7 manufacturer decided that they were --</p> <p>8 they were going to do what all the</p> <p>9 manufacturers do in this industry do, they</p> <p>10 were going to close down for the week from</p> <p>11 before Christmas until the end of the</p> <p>12 year.</p> <p>13 So what they are going to tell us</p> <p>14 when we meet with them on the phone on</p> <p>15 Friday is how much they can produce this</p> <p>16 year, given their shutdown, and they will</p> <p>17 end up actually boxing the product and</p> <p>18 adding the package insert after facility,</p> <p>19 as opposed to what a lot of companies do,</p> <p>20 which is they manufacture the product and</p> <p>21 then they send it out to a packaging</p> <p>22 company.</p> <p>23 So there will be product delivered</p> <p>24 this year. We will get it to our</p> <p>25 distributors this year, and it will</p>
<p style="text-align: right;">Page 54</p> <p>1 PROCEEDINGS</p> <p>2 to -- to under price J&J and benefit the</p> <p>3 whole -- the whole distribution chain as</p> <p>4 well as the consumers.</p> <p>5 It will have a strong message, I</p> <p>6 think, in the overall market.</p> <p>7 Can anybody hear me?</p> <p>8 MR. BERMAN: Any further questions?</p> <p>9 UNIDENTIFIED MALE 1: When did you</p> <p>10 think the first batch of product will hit</p> <p>11 the drug stores?</p> <p>12 MR. BERMAN: We are negotiating that</p> <p>13 with a manufacturer this week. We have a</p> <p>14 conference call on Friday where they are</p> <p>15 supposed to report back to us.</p> <p>16 It's kind of a high-class problem</p> <p>17 that we face. Our belief was that we were</p> <p>18 probably going to get our approval in</p> <p>19 2012, but it would be like the last day of</p> <p>20 business in 2012 for the FDA where us and</p> <p>21 a whole bunch of other companies that were</p> <p>22 after them for approvals that had waited a</p> <p>23 long, long period of time for -- for these</p> <p>24 approvals, and the FDA was kind of like</p> <p>25 out of questions, out of ammunition to</p>	<p style="text-align: right;">Page 56</p> <p>1 PROCEEDINGS</p> <p>2 probably reach drug stores first or second</p> <p>3 week of January.</p> <p>4 UNIDENTIFIED MALE 1: Will Johnson &</p> <p>5 Johnson press the drug stores or anyone</p> <p>6 who has shelf space against their product?</p> <p>7 MR. BERMAN: As you know, shelf</p> <p>8 space is always a big deal in the retail</p> <p>9 market.</p> <p>10 UNIDENTIFIED MALE 1: Yes, I know.</p> <p>11 That's why I'm asking.</p> <p>12 MR. BERMAN: However, and this is a</p> <p>13 very interesting chain of events that have</p> <p>14 occurred, and by the way, shelf space is</p> <p>15 one of the reasons why the Japanese --</p> <p>16 excuse me, the Chinese and the Korean</p> <p>17 products haven't been a big success in the</p> <p>18 US is because, you know, they are</p> <p>19 relegated to lesser shelf space and lesser</p> <p>20 traffic areas in the drug stores.</p> <p>21 However, the number five company,</p> <p>22 when there used to be the big five, there</p> <p>23 was a company called Home Diagnostics. It</p> <p>24 was a NASDAQ-traded company. They had an</p> <p>25 interesting product mix. Their</p>

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1 PROCEEDINGS
2 specialty -- I guess everybody has
3 specialties. Their specialty was selling
4 private label products to companies like
5 Invacare that is a major DME distributor
6 of product, and Walmart, for example, that
7 used to use the HDI product for their own
8 brand name, which is called Rely On.
9 Anyway, HDI sold the company a bit
10 under duress. They were having a few
11 problems with the Securities & Exchange
12 Commission. They sold the company in
13 2010, a bit under duress, to the Japanese
14 company Nipro. And HDI at one time had a
15 4 percent market share. Once a big five,
16 a 98 percent of the company.
17 The Nipro company -- plus the
18 products are beginning to age as well.
19 The Nipro group does not command the shelf
20 space in drug stores that they used to.
21 So we kind of believe that we will
22 be able to jump in there and be able to
23 pick up some shelf space that we wouldn't
24 otherwise be able to pick up because we
25 are going to be a big money maker for drug

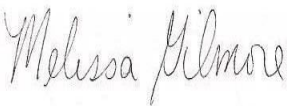
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1 PROCEEDINGS
2 stores, which is also part of the value
3 proposition. Not only will we make great
4 money, but the people that carry our
5 product will make better money.
6 **UNIDENTIFIED MALE 1:** What you are
7 telling me is that the margins for the
8 retailer -- your margins are going to be
9 higher than Johnson & Johnson margins?
10 **MR. BERMAN:** Yes. Yes.
11 **MR. JAGUNICH:** And we will undercut
12 J&J's price as well.
13 **MR. BERMAN:** Yeah, the price will be
14 less, and the margins for the drug stores
15 will be higher, simply because the
16 oligopoly, the group of four companies has
17 priced themselves to the point where it's
18 virtually impossible for a retailer to
19 markup the test strip products by
20 30 percent on a retail level, which is the
21 margins that independent drug stores look
22 to achieve. They just can't do that, but
23 they will be able to mark our product up
24 30 percent and make great money on it.
25 **UNIDENTIFIED MALE 1:** Okay. Thank

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1 PROCEEDINGS
2 you very much. Very, very good conference
3 call.
4 **MR. BERMAN:** Any additional
5 questions?
6 Okay. Well, I thank everybody for
7 attending. We will probably do one of
8 these in a couple of months where we can
9 actually report some GenStrip progress and
10 things of that nature.
11 So with that, I guess we will all
12 sign off, and the conference call company
13 will breathe a sigh of relief.
14 Thanks for attending, Roger.
15 **ROGER:** Thanks for having it and,
16 again, congratulations.
17 **MR. BERMAN:** Bye-Bye.
18 **UNIDENTIFIED MALE 1:** Thank you,
19 guys. Great job.
20 (Time noted: 4:15 p.m.)
21
22
23
24
25

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1 C E R T I F I C A T E
2
3 STATE OF NEW YORK)
4 :ss
5 COUNTY OF RICHMOND)
6
7 I, MELISSA GILMORE, a Notary Public
8 within and for the State of New York, do hereby
9 certify that the within is a true and accurate
10 transcript of the proceedings taken on
11 December 11, 2012.
12 I further certify that I am not
13 related to any of the parties to this action by
14 blood or marriage; and that I am in no way
15 interested in the outcome of this matter.
16 IN WITNESS WHEREOF, I have hereunto
17 set my hand this 11th day of December, 2012.
18
19
20 
21
22
23 MELISSA GILMORE
24
25

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